

Management Control Evaluations

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JMC - On the Line



Management Control Evaluations

- ✓ **Most Vulnerable Areas - Key Controls**
- ✓ **Higher Risk More Frequent**
- ✓ **Don't Know If You Don't Check**
- ✓ **Reasonable Assurance**



Three Basic Criteria for Acceptable Evaluations

- ✓ **Assesses key management controls in functional area.**
- ✓ **Actually tests those key controls.**
- ✓ **Documents the evaluation.**



Why Me?

- ✓ **You are the MCA.**
- ✓ **You are the POC.**



How do I use Checklist?

- ✓ **Questions = Requirements**
- ✓ **Functional expert should answer their questions.**



Methods of Testing

- ✓ **Sample from files.**
- ✓ **Examine documents.**
- ✓ **Interview responsible functional.**
- ✓ **Observe operation/procedure.**
- ✓ **Review the procedure (SOP).**
- ✓ **Run system simulation.**



Document Results

- ✓ Show control is in place.
- ✓ What was the method of testing?

REMEMBER “ What is supposed to be happening is indeed happening.”



Answer Common Sense Questions

- ✓ **WHO?**
- ✓ **WHAT?**
- ✓ **WHEN?**
- ✓ **WHERE?**

REMEMBER: Include enough explanation to satisfy auditors.



Different Situations? Document the Results

- ✓ **Control is not in place.**
- ✓ **Control is not working.**
- ✓ **“What is supposed to be happening is not happening.”**
- ✓ **You use different control to achieve same result.**



Then Explain

- ✓ **How you will correct it and when, or**
- ✓ **Why the situation is not a control problem, or**
- ✓ **What your alternate control is.**



First Example

✓ AR 27-20: Claims Services

c. Are procedures in place to ensure affirmative claims are asserted within the statute of limitations and reviewed every 60 days?



First Example Answer

- c. Are procedures in place to ensure affirmative claims are asserted within the statute of limitations and reviewed every 60 days?**

Method of Testing: FILE/DOCUMENT ANALYSIS
Reviewed 10% of claims in claims files XYZ123 and

ABC345. We handled the claims in accordance with statute of limitations and reviewed them every 60 days.



Second Example

- ✓ **AR 385-10, Army Safety Program**
- i. Is there a program or policy for reporting for reporting unsafe or unhealthful conditions?**



Second Example Answer

- ✓ **AR 385-10, Army Safety Program**
- i. Is there a program or policy for reporting for reporting unsafe or unhealthful conditions?**

Method of Testing: FILE/DOCUMENT ANALYSIS and OBSERVATION.

Results of Army Safety Program Evaluation of our program show we developed policy for reporting unsafe and unhealthful conditions. We posted contact information for reporting unsafe/unhealthful conditions. We provide periodic safety training where we go over procedure to report unsafe conditions.



Third Example

AR 27-1, Army Law Library System (ALLS)

C-4. Does the ALLS administrator have a copy of the annual inventory conducted by each Army law library?



Third Example Answer

AR 27-1, Army Law Library System (ALLS)

C-4. Does the ALLS administrator have a copy of the annual inventory conducted by each Army Law library?

Method of Testing: FILE/DOCUMENT ANALYSIS

Our review of library records shows we did not receive a library distribution. Memo dated 21 April 2001 requested that OSC be added to distribution. We do not consider this to be a material weakness (minor).



Fourth Example

DFAS IN 37-1, Appendix C, Accounting Operations

54. Do procedures require all actions affecting a fund balance to be certified by an individual knowledgeable about that balance?



Fourth Example Answer

DFAS IN 37-1, Appendix C, Accounting Operations

54. Do procedures require all actions affecting a fund balance to be certified by an individual knowledgeable about that balance?

**Method of Testing: DIRECT
OBSERVATION/INTERVIEW**

Our review of procedures and interview with RMF team chief indicated that we do not currently require certification. On 15 April 2001, RMF took action to correct this action, by requiring certification in a new policy/guidance. We checked and found that our personnel are obtaining certification. We now consider this to be a corrected material weakness.



Fifth Example

Contract Office Management

3a. Do you accomplish all purchasing and contracting actions(except credit cards) using the Standard Army Automated Contracting System (SAACONS)?



Fifth Example Answer

Contract Office Management

3a. Do you accomplish all purchasing and contracting actions(except credit cards) using the Standard Army Automated Contracting System (SAACONS)?

JMC uses a better system, Contract Review Automated Program (CRAP). The CRAP system interfaces with SAACONS.



If.....

- ✓ **The question concerns a control that is not your responsibility.**
- ✓ **The situation described has never occurred.**



Then Explain

- ✓ **Who is responsible for the control.**
- ✓ **That the situation has not occurred.**



Sixth Example

AR 380-19, Information Systems Security

**h. Do you routinely test
countermeasures (e.g. user
Ids, passwords, audit trails)?**



Sixth Example Answer

AR 380-19, Army Information System Security Program

h. Do you routinely test countermeasures (e.g. user ids, passwords, audit trails)?

We are not responsible for the testing of countermeasures. RIA security is responsible for the testing of countermeasures for the tenants of RIA.



Certification

- ✓ **Responsible senior level managers need to certify the evaluation.**
- ✓ **You need to fill out the certification form which is the revised DA Form 11-2-R.**